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AGENDA ITEM 4

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. SUBJECT:** 2006-2007 Health Plan Quality Report
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Information Only
- IV. ANALYSIS:**

Background

CalPERS publishes an annual Quality Report (Attachment 1) during open enrollment as a resource for members choosing a health plan. The report is available to members upon request (using a postage-paid order card included in the annual *Health Plan Statement* sent to all subscribers). Members may also request the report through the CalPERS Customer Contact Center or may view and download it from the CalPERS Web site. In addition, staff use the information in the Quality Report to work with health plans to analyze findings and develop strategies to impact areas that need improvement.

The Quality Report features two separate sources of data:

- 1. Member Satisfaction Survey – Shows scores for how members rate their experience with their health plans and health care providers in the past 12 months in categories such as overall satisfaction, value, access to care, satisfaction with billing, pharmacy and member services. This year's report reflects experience for 2005 and the first three to four months of 2006 depending on when the member completed the survey.
- 2. Effective Care Measures – Shows scores reported by CalPERS health plans regarding the percent of patients who received preventive and chronic disease care for the prior calendar year. This year's report contains 2005 data.

This agenda item highlights significant findings of the Quality Report data and provides attachments that describe plan initiatives to improve performance.

Member Satisfaction Survey Methodology

CalPERS contracts with a research company to conduct the annual Member Satisfaction Survey. Researchers sent surveys between March and May 2006, to a random sample of individuals (age 18 and over) currently enrolled in a CalPERS health plan who were continuously enrolled between January 1, 2005 and December 31, 2005. Researchers sent surveys to 1,100¹ members in each Basic and Medicare plan² (14,300 total).

We received approximately 7,000 completed surveys, for a total response rate of approximately 50 percent. The response rate for Basic plans was 35 percent and for Medicare plans was 75 percent. These rates are consistent with previous years.

Analysis of Member Satisfaction Survey Results³

The trend in overall satisfaction scores (percent rating overall satisfaction with the plan 8-10 on a scale of 1-10, with 10 being high) for all CalPERS Basic and Medicare plans show improvement over the last five years (see Attachment 2).

CalPERS members rate overall satisfaction for Medicare plans consistently high. For 2005 and 2006, members rated overall satisfaction at or above 80 for all plans.

This year, the Kaiser Permanente Basic plan score is the highest for overall satisfaction (76) and the PERS Choice score is the lowest (56). The other Basic plan scores are very similar to each other, ranging from 63 to 67. Western Health Advantage Basic plan experienced the only statistically significant decrease in overall satisfaction this year compared to last year (from 79 to 66).

To focus on improvement, staff asked our plans to provide information on initiatives they are implementing to positively impact member satisfaction. See Attachment 3 for a specific list of those initiatives.

Staff analyzed survey data and observed:

- A link between overall satisfaction and individual measures
- Improvement in appropriate emergency room use

Link between overall satisfaction and individual measures: Staff analyzed detailed survey data and observed that plan enrollment and physician change likely impact member overall satisfaction with plans. Staff found that when any of

¹ In 2004 the sample increased from 800 to 1,100 to improve survey reliability.

² Did not include Medicare plans for Western Health Advantage or CCPOA; low enrollment precludes a statistically valid sample.

³ Does not include CCPOA, CAHP, or PORAC.

the following two factors occurred in the same year, the plan experienced a decrease in overall member satisfaction:

- Changes in enrollment,
- Decrease in respondent average number of years in a plan, and
- Decrease in physician stability as measured by the percent of respondents with the same physician since joining the plan.

Staff found decreases in Blue Shield, Western Health Advantage, and PERS Choice member satisfaction in years when two or more of the factors occurred. It seems that once members adapt to changes such as new enrollment or physician changes, satisfaction increases and, in most cases, surpasses the prior year's level of satisfaction. See Attachment 4 for a detailed list of observations.

Staff did not observe the same link for Kaiser and PERSCare. This is likely due to the respondent length of time in plan, and changes in plan membership. Kaiser respondents consistently exceed 6 years in plan and PERSCare consistently exceeds 5.8 years. PERSCare plan membership has consistently decreased since 2002, and Kaiser membership fluctuated no more than 5 percent. These scores indicate very stable plans with little member change.

Appropriate Use of Emergency Room: For the two most recent surveys, we asked questions to gain insight regarding the appropriate use of emergency room versus urgent care. It is too early to cite a trend, but this year, scores for appropriate use of the ER increased compared to last year. Attachments 5 and 6 show, of those who used the ER, the percent who did so because they had a potentially life-threatening emergency (as opposed to an urgent problem).

Effective Care Measures Methodology

The National Committee on Quality Assurance (NCQA) develops quality measures known as the Health Plan Employer Data and Information Set (HEDIS). The CalPERS annual Quality Report displays a subset of these measures which we refer to as effective care measures for our HMO and PPO, Basic and Medicare plans. Our Association Plans do not collect HEDIS measures.

Health plans calculate HEDIS scores using one or both types of the following data:

- Administrative data (claims and encounter)
- Patient medical record data

CalPERS staff monitors the HEDIS measures and works with CalPERS health plans to understand plan initiatives for improvement. Attachment 7 lists specific initiatives designed to impact effectiveness of care measures. Attachment 8

contains charts showing HMO and PPO, Basic and Medicare effective care trends.

Overview of HMO Basic Plans:

California HMO HEDIS scores reflect member experience for each plan's entire book-of-business, which includes CalPERS members. The California Cooperative Healthcare Reporting Initiative (CCHRI) collects and reports this data, and develops overall averages for all California HMO health plans. Depending on the measure, CCHRI may use administrative data or a combination of administrative and patient medical record data. Below are the highlights of the HMO Basic plan average effective care measure trends:

- The average HMO Basic plan effective care measure trend shows improvement for all HMO Basic plans since 2002.
- Kaiser shows the highest average effective care measure score for 2006 at 77 percent.
- Blue Shield (67) and WHA (68) have scores lower than the CCHRI average of 70 for 2006.
- Kaiser (77) exceeds the CCHRI average of 70 for 2006.

Overview of HMO Medicare Plans

California HMO HEDIS scores reflect member experience for each plan's Medicare Advantage book-of-business, which includes CalPERS Kaiser members. CalPERS Blue Shield and WHA Medicare members are not included in the measures reported in the Quality Report. The CCHRI collects and reports this data, and develops overall averages for all California HMO Medicare Advantage health plans. Depending on the measure, CCHRI may use administrative data or a combination of administrative and patient medical record data. Below are the highlights of the HMO Medicare plan average effective care measure trends:

- Since 2002, the average HMO Medicare plan effective care measure trends are relatively consistent.
- Staff notes the following slight trend fluctuations:
 - Blue Shield ranging from a high of 64 in 2002, 2003 and 2004, to a low of 57 in 2005.
 - WHA ranging from a high of 71 in 2004, to a low of 69 for 2003 and 2006.
 - Kaiser ranging from a low of 72 in 2005, to a high of 75 in 2003 and 2004.
- In comparison to the CCHRI average:
 - Blue Shield scored at or above average in 2002, 2003 and 2004, and slightly below average in 2005 (4 points lower) and 2006 (4 points lower)
 - WHA scored above average in all years, except for its score of 58 in 2005 (3 points lower)
 - Kaiser scored consistently above average in all years

Overview of PPO Basic Plans

CCHRI does not collect HEDIS measures for PPOs, but CalPERS requires our PPOs to collect and report HEDIS measures. Therefore, the Effective Care Measures in the Quality Report are CalPERS specific for the PPOs.

The CalPERS PPOs use only administrative claims data. Therefore, some measures which rely on medical record data are not available for the PPOs (e.g., blood pressure control and cholesterol levels). For other measures (e.g., prenatal and postpartum care and immunizations), when HMOs supplement administrative data with medical records data, they may capture additional information resulting in higher scores for HMOs compared to PPOs. Below are the highlights of the PPO Basic and Medicare plan average effective care measure trends:

PPO Basic

- Since 2002, the average effectiveness of care trend shows improvement:
 - PERSCare increasing from 58 percent in 2002 to 63 percent in 2006.
 - PERS Choice increasing from 55 percent in 2002 to 63 percent in 2006.
- From 2005 to 2006, the average effectiveness of care trend for
 - PERSCare increased from 60 percent in 2005 to 63 percent in 2006.
 - PERS Choice increased from 57 percent in 2005 to 63 percent in 2006.

PPO Medicare

- Since 2002, the average effectiveness of care trend shows declines:
 - PERSCare decreasing from 57 percent in 2002 to 55 percent in 2006.
 - PERS Choice decreasing from 64 percent in 2002 to 59 percent in 2006.
- From 2005 to 2006, the average effectiveness of care trend for:
 - PERSCare increased from 50 percent in 2005, to 55 percent in 2006.
 - PERS Choice increased from 57 percent in 2005 to 59 percent in 2006.

V. STRATEGIC PLAN:

This item supports CalPERS Strategic Plan Goal II – “Provide high quality customer service and education that enables members and employers to make informed and timely retirement and health decisions,” and Goal III – “Design, develop and administer benefits programs and business processes that are innovative, effective, efficient, and valued by our members, employers and stakeholders.”

VI. RESULTS/COSTS:

The CalPERS costs associated with this item are included in the annual budget of the Health Benefits Branch.

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Attachments